
NEW QUEBEC RAGLAN
MINES LIMITED

ANNUAL REPORT — 1979

NEW QUEBEC RAGLAN
MINES LIMITED

HEAD OFFICE

40th Floor, Commerce Court West Toronto

DIRECTORS

*P.-E. Auger, O.C. Quebec

T. J. Desanti Toronto

*J.-H. Gagné, Q.C. Quebec

L. C. Kilburn Toronto

*G. P. Mitchell Toronto

T. F. Pugsley Toronto

* Member of Audit Committee

OFFICERS

L. C. Kilburn President

T. F. Pugsley Vice-President

J. M. DaCosta, Q.C. Secretary

N. H. Witherell Treasurer

J. O. Kachmar Controller

AUDITORS


Thorne Riddell Toronto

REGISTRAR AND
TRANSFER AGENT

Crown Trust Company
First Canadian Place Toronto

ANNUAL AND
SPECIAL GENERAL
MEETING

Thursday, June 26, 1980
11:00 a.m. (Toronto Time) —
Engineers Club, 105 Victoria St., Toronto, Ontario



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NEW QUEBEC RAGLAN MINES LIMITED

P.O. BOX 40, COMMERCE COURT WEST,
TORONTO, ONTARIO, CANADA M5I 1B4

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

The Corporation's wholly owned subsidiary, Raglan Quebec Mines Limited, holds mineral exploration permits totalling 300 square miles and 167 claims located in the Ungava region of New Quebec. Properties were maintained in good standing although there was no exploration or development work carried out during 1979.

An extensive review of previous feasibility studies was commenced in 1979 and will be completed in 1980. Due to the isolated location of the Corporation's properties, considerable emphasis will be placed on power generation, transportation and infrastructural requirements of the project in updating feasibility studies. In addition, current economic conditions in North America could affect metal markets and prices and influence studies on the economics of placing the Raglan properties in production.

The Consolidated Financial Statements of the Corporation and its subsidiary Raglan Quebec Mines Limited, for the year ended December 31, 1979 are included in this report.

Ore Reserves

Ore reserves did not change during the year and are estimated, including dilution, as follows:

	Tons	Grade	
		% Ni	% Cu
Donaldson Mine — Underground Exploration			
Well assured reserves	3,021,000	3.06	0.73
Katiniq Deposit — Surface Drilling			
Indicated by closely spaced holes	5,276,000	2.42	0.70
Assumed extension of ore within lateral limits of drilling	5,000,000	2.42	0.70
2 - Area — Surface Drilling	660,000	2.43	0.72
Assumed extensions of ore within lateral limits of drilling	500,000	2.43	0.72
3 - Area — Surface Drilling	1,093,000	2.81	0.69
Assumed extensions of ore within lateral limits of drilling	500,000	2.81	0.69
	<u>16,050,000</u>	<u>2.58</u>	<u>0.71</u>

On behalf of the Board of Directors,

Toronto, Ontario
May 26, 1980

L. C. KILBURN,
President.

NEW QUEBEC RAGLAN

(Incorporated under the laws of the Province of Quebec)

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS

	1979	1978
Cash and short term securities, at cost which approximates market value	\$ 86,858	\$ 41,471
Accounts receivable	677	
Receivable from Falconbridge Nickel Mines Limited		18,523
	<u>87,535</u>	<u>59,994</u>

FIXED ASSETS

Mineral exploration licences and staked claims in the Cape Smith-Wakeham Bay area of Ungava, Quebec, at cost	81,000	81,000
Buildings and prospecting equipment, at nominal value	1	1
	<u>81,001</u>	<u>81,001</u>

DEFERRED EXPENDITURES

Exploration, development and other expenditures deferred (notes 2 and 5)	28,509,489	28,523,992
	<u>\$28,678,025</u>	<u>\$28,664,987</u>

AUDITOR'S REPORT

To the Shareholders of
New Quebec Raglan Mines Limited

We have examined the consolidated balance sheet of New Quebec Raglan Mines Limited as at December 31, 1979, and the consolidated statement of exploration, development and other expenditures deferred and changes in financial position for the year then ended, in accordance with the standards of the Institute of Chartered Accountants of Canada, and accordingly included such tests and other procedures as we considered necessary.

Recovery of exploration, development and other expenditures deferred

In our opinion, subject to the effects, if any, on the financial statements of the consolidated financial statements present fairly the financial position of the company as at December 31, 1979, and the consolidated statement of exploration, development and other expenditures deferred and changes in financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Canada
January 25, 1980

AN MINES LIMITED

(Incorporated in the laws of Ontario)

STATEMENTS AS AT DECEMBER 31, 1979

LIABILITIES

CURRENT LIABILITIES

	1979	1978
Accounts payable and accrued liabilities	\$ 4,390	\$ 3,390
Due to Falconbridge Nickel Mines Limited	11,353	
	<u>15,743</u>	<u>3,390</u>

MINORITY INTEREST

Preferred shares of subsidiary company issued to Falconbridge Nickel Mines Limited (notes 2 and 3)	17,396,566	17,395,916
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SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized — 8,000,000 shares of \$1 each		
Issued — 7,763,871 shares (note 2)	7,763,871	7,763,871

Amount representing exploration expenditures made by Falconbridge Nickel Mines Limited for which shares are to be issued (note 2)	76	41
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PREMIUM ON SHARES	7,382	7,382
	<u>7,771,329</u>	<u>7,771,294</u>

CONTRIBUTED SURPLUS ARISING FROM REDUCTION OF CAPITAL

IN 1965 (note 4)	2,197,496	2,197,496
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RETAINED EARNINGS	1,296,891	1,296,891
	<u>11,265,716</u>	<u>11,265,681</u>
	<u>\$28,678,025</u>	<u>\$28,664,987</u>

Approved by the Board

L. C. Kilburn, Director

J.-H. Gagné, Director

REPORT

...ines Limited as at December 31, 1979 and the consolidated statements of exploration, when ended. Our examination was made in accordance with generally accepted auditing necessary in the circumstances.

...ertain (see note 5).

...the ultimate resolution of the matter referred to in the preceding paragraph, these t December 31, 1979 and the results of its operations and the changes in its financial les applied on a basis consistent with that of the preceding year.

Thorne Riddell & Co.
Chartered Accountants

NEW QUEBEC RAGLAN MINES LIMITED

CONSOLIDATED STATEMENT OF EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES DEFERRED Year Ended December 31, 1979

	1979	1978
Exploration		
Direct costs		
Geological expenses	\$ 650	\$ 742
Indirect costs		
Property maintenance	53,948	45,791
	<u>54,598</u>	<u>46,533</u>
Financing		
Value assigned to shares of company to be issued as additional consideration to Falconbridge Nickel Mines Limited for making expenditures on subsidiary company's property (note 2)	35	41
Administrative	<u>28,217</u>	<u>27,716</u>
Total expenditures for the year	<u>82,850</u>	<u>74,290</u>
Deduct		
Proceeds from sale of equipment	94,292	10,000
Interest earned	<u>3,061</u>	<u>4,455</u>
	<u>97,353</u>	<u>14,455</u>
INCREASE (DECREASE) IN EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES	(14,503)	59,835
EXPENDITURES DEFERRED AT BEGINNING OF YEAR	<u>28,523,992</u>	<u>28,464,157</u>
EXPENDITURES DEFERRED AT END OF YEAR (note 5)	<u>\$28,509,489</u>	<u>\$28,523,992</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION Year Ended December 31, 1979

	1979	1978
WORKING CAPITAL DERIVED FROM		
Preferred shares of subsidiary company to be issued for exploration expenditures	\$ 650	\$ 742
Shares of company to be issued for expenditures on the subsidiary company's property	35	41
Proceeds from sale of equipment	94,292	10,000
Interest earned	<u>3,061</u>	<u>4,455</u>
	<u>98,038</u>	<u>15,238</u>
WORKING CAPITAL APPLIED TO		
Exploration, development and other expenditures	<u>82,850</u>	<u>74,290</u>
INCREASE (DECREASE) IN WORKING CAPITAL	15,188	(59,052)
WORKING CAPITAL AT BEGINNING OF YEAR	<u>56,604</u>	<u>115,656</u>
WORKING CAPITAL AT END OF YEAR	<u>\$ 71,792</u>	<u>\$ 56,604</u>

NEW QUEBEC RAGLAN MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 1979

1. BASIS OF CONSOLIDATION

These financial statements include the accounts of the company and its subsidiary company, Raglan Quebec Mines Limited (No Personal Liability).

2. EXPLORATION AND DEVELOPMENT AGREEMENTS

In accordance with agreements entered into with Falconbridge Nickel Mines Limited, Falconbridge has undertaken exploration and development work on the subsidiary company's properties. As consideration Falconbridge receives:

One share of \$1 par value of the subsidiary's redeemable, cumulative preferred shares for each \$1 of expenditure and,

One share of New Quebec Raglan Mines Limited for each \$37.50 of expenditure.

Prior to 1977 the company recorded the issuance of its shares at \$15 and \$12 per share which were the approximate fair market values of the shares at the dates of signing the prior agreements. Shares issued pursuant to a new agreement dated January 1, 1977 are to be issued at \$2.05 per share which is the approximate fair market value at that date. Pursuant to the agreements, Falconbridge incurred expenditures for which shares have been issued or are to be issued as follows:

	Expenditures	Preferred shares of subsidiary — par value	Shares of company — number
Total at January 1, 1978	\$17,395,174	\$17,395,174	263,871
1978	742	742	20
1979	650	650	17
Total at December 31, 1979	<u>\$17,396,566</u>	<u>\$17,396,566</u>	<u>263,908</u>

Falconbridge has the right under the agreements to continue exploration and development on the properties, expend further amounts thereon up to \$2,603,434 and receive as consideration preferred shares of the subsidiary company at par value and in addition one share of the company's capital stock for each \$37.50 of such expenditure.

The tax benefits with respect to these expenditures are claimable by Falconbridge and are not claimable by the subsidiary company.

3. ARREARS OF DIVIDENDS

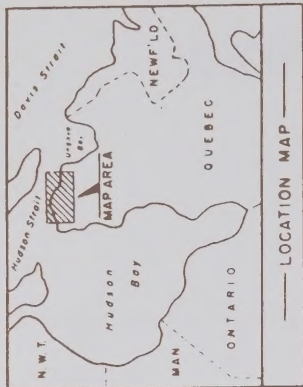
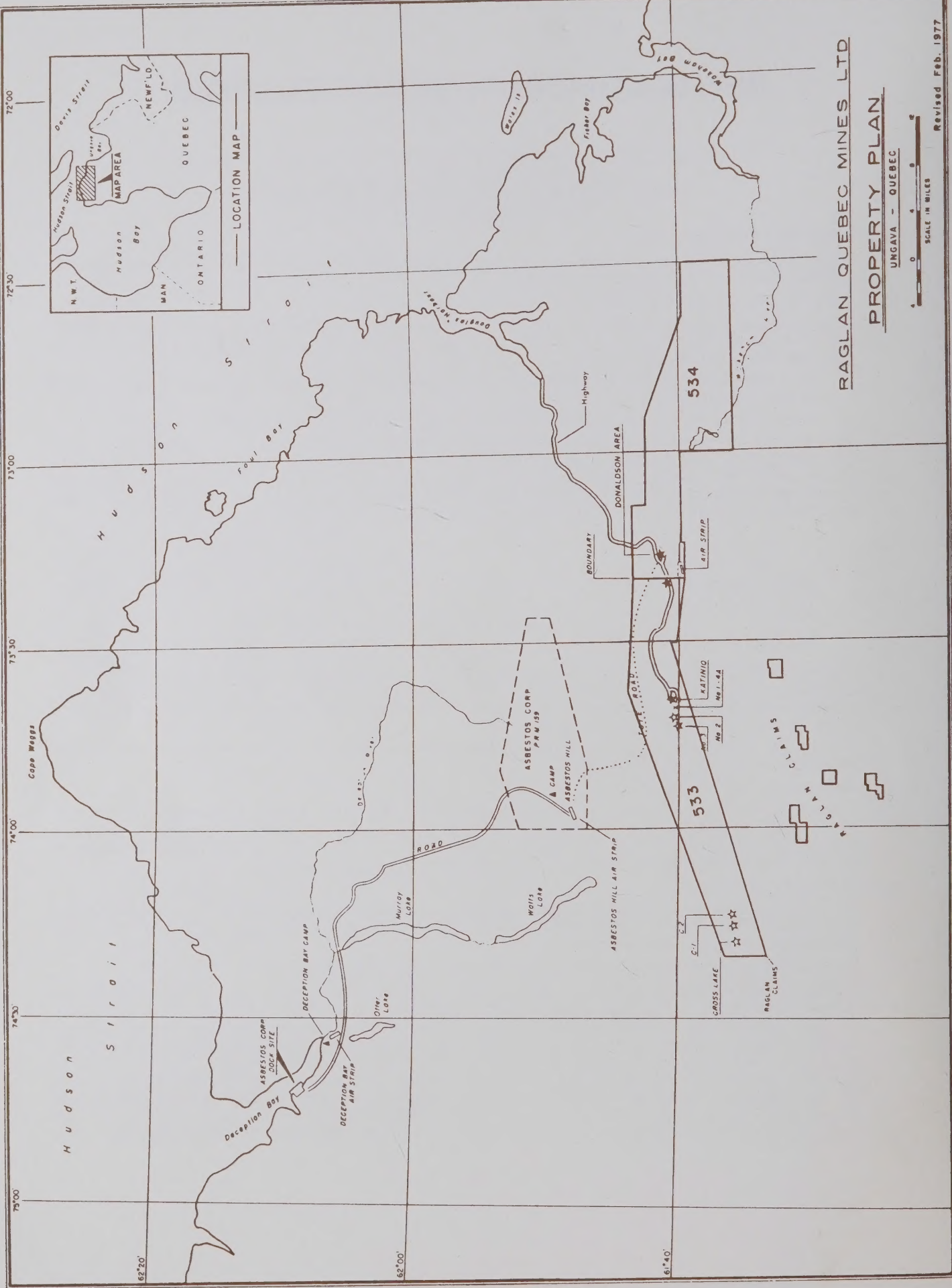
Arrears of dividends on the cumulative preferred shares of the subsidiary company amount to \$11,378,364 at December 31, 1979 and \$10,166,640 at December 31, 1978. The subsidiary company has agreed that it will not pay dividends on its common shares or make any other payments to its common shareholders until all of its third preferred shares are redeemed.

4. CONTRIBUTED SURPLUS

Pursuant to supplementary letters patent dated December 14, 1965, 3,750,000 of the 7,500,000 shares then outstanding were cancelled and the amount for which the cancelled shares had been issued was designated as contributed surplus.

5. EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES DEFERRED

Exploration, development and other expenditures incurred in the development of properties of the subsidiary company in the Cape Smith-Wakeham Bay area, amounting to \$28,509,489 at December 31, 1979 (\$28,523,992 at December 31, 1978) have been deferred with the intention that they should be amortized by charges against income from future mining operations. Development work on the properties was suspended in 1971 and since that time studies have continued on the feasibility of alternate methods of bringing the properties into production. Profits which are commensurate with the risks of operating in such a remote northern location must be indicated before development to production. The exploration permits and development licences pertaining to these properties expire in 1982 and the company has no reason to believe that new permits will not be issued.



RAGLAN QUEBEC MINES LTD.

PROPERTY PLAN

UNGAVA - QUEBEC



Revised Feb. 1977

New Quebec

New Quebec, Raglar Mines Ltd. of Toronto has approved a program to carry out further exploration on the Ungava properties of the company's Raglan Quebec Mines Ltd. unit. The cost has not been determined.

New Quebec said a detailed aeromagnetic survey will be made over the properties this summer. Exploration in 1981 will consist of detailed surface mapping on the concessions and a limited diamond drilling program in the Donaldson area and on the South Claim groups, the company said. The funds will be provided by Falconbridge Nickel Mines Ltd. of Toronto, which has a 68 per cent interest in New Quebec.

